

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2127

(SENATE AUTHORS: CHAMBERLAIN, Hann, Wolf, Hall and Lillie)

| DATE | D-PG | OFFICIAL STATUS |
|------------|-------|--|
| 02/27/2012 | 3963 | Introduction and first reading Referred to Local Government and Elections |
| 03/01/2012 | 4080 | Author added Hall |
| 03/08/2012 | 4248 | Withdrawn and re-referred to Commerce and Consumer Protection |
| 03/19/2012 | 4628a | Comm report: To pass as amended and re-refer to Taxes |
| 04/23/2012 | 6102 | Author added Lillie |

1.1 A bill for an act
1.2 relating to economic development; providing for a new privately owned
1.3 National Football League stadium in Minnesota; authorizing the issuance
1.4 of revenue bonds; amending Minnesota Statutes 2010, section 297A.71, by
1.5 adding a subdivision; Minnesota Statutes 2011 Supplement, section 340A.404,
1.6 subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. [116J.6911] PURPOSE.

1.9 The purpose of this act is to assist the Minnesota Vikings in securing financing to
1.10 build a privately owned, privately operated stadium as a venue for professional football.
1.11 This assistance includes: (1) issuing revenue bonds secured by and to be repaid with
1.12 revenues generated by user fees associated with attending games and events at the stadium,
1.13 and (2) providing incentives for businesses to make contributions toward the expenses
1.14 of constructing a stadium through reductions to the state general levy property tax and
1.15 by exempting construction materials used in construction of a stadium from sales taxes.
1.16 This assistance is provided in exchange for an agreement with the Minnesota Vikings
1.17 that the stadium will be located in Minnesota, that the team will repay the financing,
1.18 and will play all home games in the stadium until the bonds are repaid or for 30 years,
1.19 whichever is longer.

1.20 Sec. 2. [116J.6912] DEFINITIONS.

1.21 Subdivision 1. Scope of application. For purposes of sections 116J.6911 to
1.22 116J.699, the terms in this section have the meanings given.

1.23 Subd. 2. Commissioner. "Commissioner" means the commissioner of management
1.24 and budget.

2.1 Subd. 3. **Public infrastructure.** "Public infrastructure" means all property,
2.2 facilities, and improvements determined by the state to facilitate the development and use
2.3 of the stadium, including, but not limited to, property and improvements for drainage,
2.4 parking, roadways, walkways, skyways, pedestrian bridges, bicycle paths, lighting,
2.5 landscaping, utilities, streets, streetscapes, and transit improvements to facilitate public
2.6 access to the stadium.

2.7 Subd. 4. **Stadium.** "Stadium" means a facility suitable for National Football League
2.8 games constructed or renovated under this act.

2.9 Subd. 5. **Streetscape.** "Streetscape" means improvements to streets and sidewalks
2.10 or other public rights-of-way for the purpose of enhancing the movement, safety,
2.11 convenience, or enjoyment of stadium patrons and other pedestrians, including decorative
2.12 lighting and surfaces, plantings, display and exhibit space, adornments, seating, and transit
2.13 and bus shelters, which are designated as streetscape by the state.

2.14 Subd. 6. **Team.** "Team" means the owner and operator of the football team currently
2.15 known as the Minnesota Vikings or any team owned and operated by a person who
2.16 purchases or otherwise takes ownership or control of or reconstitutes a National Football
2.17 League team in Minnesota.

2.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.19 Sec. 3. **[116J.694] STADIUM USER FEES.**

2.20 Subdivision 1. **Fee imposed.** A fee is imposed on the sale or licensing of the
2.21 following, sold in the state or online, at the rate of ten percent:

2.22 (1) a ticket to attend any game or event in the stadium;

2.23 (2) concessions sold at the stadium;

2.24 (3) any licenses or fees charged by the team or league to reserve seats, boxes, suites
2.25 or spaces including personal seat licenses, luxury box fees, club seating fees, maintenance
2.26 fees for seats, suites, or boxes, memberships, or the like in the stadium;

2.27 (4) sponsorships, including, but not limited to, naming rights for the stadium or
2.28 parts of the stadium;

2.29 (5) signage in or on the stadium;

2.30 (6) charges for parking within one-half mile of the stadium on days that Minnesota
2.31 Vikings games are played at the stadium;

2.32 (7) the team's share of television and media revenue; and

2.33 (8) stadium rental fees.

2.34 Subd. 2. **Compensating use fee.** If the fee is not paid under subdivision 1, a
2.35 compensating fee is imposed on the possession for the sale or use of items used in

3.1 subdivision 1, clauses (1), (3) to (6), and (8). The rate of the fee equals the rate in
3.2 subdivision 1 and must be paid by the possessor or beneficiary of the item.

3.3 Subd. 3. **Payment; annual return.** The Minnesota Vikings, other vendors of
3.4 products subject to a fee under subdivision 1, or possessors of items subject to a user
3.5 fee under subdivision 2, must remit the fees to the state at the same time and in the
3.6 same manner as provided for payment of tax under chapter 289A. Revenue from the fee
3.7 imposed by this chapter must be remitted to the commissioner of revenue in a form and
3.8 manner prescribed by the commissioner.

3.9 Subd. 4. **Administration.** The audit, assessment, interest, appeal, refund, penalty,
3.10 enforcement, administrative, and collection provisions of chapters 270C and 297A, apply
3.11 to the fees imposed under this section.

3.12 Subd. 5. **Deposit of revenues.** The commissioner of revenue shall deposit the
3.13 revenues from the fees under this section in the state treasury and credit them to a special
3.14 stadium revenue account dedicated to making debt service payments for bonds issued
3.15 under this section.

3.16 Subd. 6. **Use of fees.** Revenues received from the fees imposed under this section
3.17 must be used to pay, reimburse, or secure the payment of any principal of premium, or
3.18 interest on bonds issued in accordance with this act. If the revenues received from the user
3.19 fees of this section exceed the amount necessary for this purpose, remaining revenue shall
3.20 be deposited in the state treasury in the special stadium debt service reserve account. If the
3.21 special stadium debt service reserve account is fully funded, the remaining revenue shall
3.22 be applied toward payoff of the bonds issued under this act.

3.23 Subd. 7. **Sunset.** This section expires when the bonds authorized under section
3.24 116J.699 have been repaid, as determined by the commissioner.

3.25 **Sec. 4. [116J.695] LOCAL SALES TAXES.**

3.26 No local sales or use tax may be imposed on sales at the stadium site, except a
3.27 general sales tax permitted under section 297A.99.

3.28 **Sec. 5. [116J.696] CITY REQUIREMENTS.**

3.29 The city in which the stadium is constructed or located shall issue intoxicating liquor
3.30 licenses that are reasonably requested for the premises of the stadium. These licenses
3.31 are in addition to the number authorized by law. All provisions of chapter 340A not
3.32 inconsistent with this section apply to the licenses authorized under this subdivision.

3.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 6. [116J.697] CRITERIA AND CONDITIONS.

4.2 Subdivision 1. Stadium location. The stadium must be located in the state of
4.3 Minnesota.

4.4 Subd. 2. Continued use. All home games of the team must be played in the stadium
4.5 for a period of 30 years, or until all bonds issued under this act are repaid, whichever
4.6 is longer.

4.7 Subd. 3. Access to books and records. The team must provide access to the
4.8 commissioner of management and budget to annual audited financial statements of the
4.9 team and other financial books and records that the commissioner deems necessary to
4.10 determine compliance by the team with this act and to enforce the terms of any agreements
4.11 entered into under this act. Any financial information obtained by the commissioner under
4.12 this subdivision is nonpublic data under section 13.02, subdivision 9.

4.13 Subd. 4. No strikes; lockouts. The commissioner must negotiate a public sector
4.14 project labor agreement or other agreement to prevent strikes and lockouts that would halt,
4.15 delay, or impede construction of the stadium and related facilities and public infrastructure.

4.16 Subd. 5. Name retention. In the event of any dissolution or relocation of the Vikings
4.17 franchise, the team must cease use of the name, logo, and colors of the Minnesota Vikings
4.18 and must transfer to the state of Minnesota the Minnesota Vikings heritage and records,
4.19 including the name, logo, colors, history, playing records, trophies, and memorabilia.

4.20 EFFECTIVE DATE. This section is effective the day following final enactment.

4.21 Sec. 7. [116J.698] APPROPRIATION.

4.22 Subdivision 1. Appropriation for stadium construction. \$300,000,000 is
4.23 appropriated from the special stadium revenue bond proceeds account to the team for
4.24 construction of a stadium suitable for professional football games. This appropriation is
4.25 contingent upon execution of an agreement between the state and the team memorializing
4.26 the team's obligations, consistent with this act and other terms as decided during
4.27 negotiations. This appropriation is not available until the commissioner of management
4.28 and budget determines that an amount sufficient to construct and equip the stadium is
4.29 available from nonstate sources and that all other criteria and conditions specified in this
4.30 act have been met.

4.31 Subd. 2. Appropriation for infrastructure. \$..... is appropriated from the
4.32 general fund for public infrastructure.

4.33 EFFECTIVE DATE. This section is effective the day following final enactment.

5.1 Sec. 8. [116J.699] BOND SALE.

5.2 Subdivision 1. **Bonding authority.** The commissioner of management and budget
5.3 shall sell and issue state taxable revenue bonds in the amount up to \$300,000,000, for
5.4 the following purposes:

5.5 (1) to provide the money appropriated in section 116J.698, subdivision 1;

5.6 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
5.7 enhancements, and to fund reserves; and

5.8 (3) to refund bonds issued under this section.

5.9 Subd. 2. **Procedure; certain costs of issuance.** (a) The commissioner may sell and
5.10 issue the bonds on the terms and conditions the commissioner determines to be in the best
5.11 interest of the state. The bonds may be sold at public or private sale. The commissioner
5.12 may enter into any agreements or pledges the commissioner determines necessary or
5.13 useful to sell the bonds that are not inconsistent with sections 403.21 to 403.40. Sections
5.14 16A.672 to 16A.675, apply to the bonds. Except for amounts appropriated to pay the costs
5.15 of investment banking and banking services under section 16A.647, the proceeds of the
5.16 bonds issued under this section must be credited to a special stadium bond proceeds
5.17 account in the state treasury.

5.18 (b) Before the proceeds are received in the special stadium bond proceeds account,
5.19 the commissioner of management and budget may transfer to the account from the special
5.20 stadium debt service reserve account amounts not exceeding the expected proceeds from
5.21 the next bond sale. The commissioner of management and budget shall return these
5.22 amounts to the special stadium debt service account by transferring proceeds when
5.23 received. The amounts of these transfers are appropriated from the special stadium debt
5.24 service reserve account and from the stadium revenue bond proceeds account.

5.25 Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the
5.26 following sources:

5.27 (1) revenue credited to the special stadium revenue account from the fees imposed
5.28 and collected under this act, or from any other source; and

5.29 (2) other revenues pledged to the payment of the bonds.

5.30 Subd. 4. **Refunding bonds.** The commissioner may issue bonds to refund
5.31 outstanding bonds issued under subdivision 1, including the payment of any redemption
5.32 premiums on the bonds and any interest accrued or to accrue to the first redemption date
5.33 after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the
5.34 discretion of the commissioner, be applied to the purchases or payment at maturity of the
5.35 bonds to be refunded, or the redemption of the outstanding bonds on the first redemption
5.36 date after delivery of the refunding bonds and may, until so used, be placed in escrow to

6.1 be applied to the purchase, retirement, or redemption. Refunding bonds issued under this
6.2 subdivision must be issued and secured in the manner provided by the commissioner.

6.3 Subd. 5. **Not a general obligation.** Bonds issued under this section are not public
6.4 debt and are not to be backed by the full faith and credit of the state. Debt service
6.5 payments on bonds issued under this section will be made from the special stadium
6.6 revenue fund. The state will, however, maintain a special stadium debt service reserve
6.7 account having a balance equal to the annual debt service payment owed on these bonds.
6.8 The special stadium debt service reserve account will be funded by contributions from
6.9 private parties and from revenues as provided in section 116J.694. If the special stadium
6.10 revenue fund has a shortfall in any year, the commissioner may request appropriation from
6.11 the special stadium debt service reserve account to cover the shortfall.

6.12 Subd. 6. **Public purpose.** The legislature finds and declares the state's role in
6.13 issuing revenue bonds and making debt service payments under this act are for a necessary
6.14 and public purpose by adding value to the culture of the state; providing a valuable
6.15 recreational opportunity for residents to feel connected to and take pride in a professional
6.16 team bearing the name of the state; and providing the state visibility and a prestigious
6.17 marker to those outside of the state and thereby serves as a marketing vehicle for tourism
6.18 in the state and for recruitment of employees.

6.19 Subd. 7. **Specific performance of contractual obligations to play home games in**
6.20 **stadium.** The legislature finds and declares that any provision in any statute, local law, or
6.21 agreement with a professional football team or league that requires the team to play all
6.22 of its home games in the stadium constructed using funds appropriated under this act for
6.23 a period of 30 years or until the bonds have been repaid, whichever is longer, serves a
6.24 unique public purpose for which the remedies of specific performance and injunctive relief
6.25 are essential to its enforcement and to obtaining the benefits of the state's consideration.
6.26 The legislature further finds and declares that government assistance to facilitate the
6.27 presence of professional football provides to the state of Minnesota, its residents, and its
6.28 businesses highly valued, intangible benefits that are virtually impossible to quantify and,
6.29 therefore, not recoverable even if the government receives monetary damages in the event
6.30 of a team's breach of contract. Minnesota courts are, therefore, charged with protecting
6.31 those benefits through the use of specific performance and injunctive relief as provided in
6.32 this chapter and in any agreements.

6.33 Subd. 8. **Trustee.** The commissioner may contract with and appoint a trustee for
6.34 bondholders. The trustee has the powers and authority vested in it by the commissioner
6.35 under the bond and trust indentures.

7.1 Subd. 9. Pledges. Any pledge made by the commissioner is valid and binding
7.2 from the time the pledge is made. The money or property pledged and later received by
7.3 the commissioner is immediately subject to the lien of the pledge without any physical
7.4 delivery of the property or money or further act, and the lien of any pledge is valid and
7.5 binding as against all parties having claims of any kind in tort, contract, or otherwise
7.6 against the commissioner, whether or not those parties have notice of the lien or pledge.
7.7 Neither the order nor any other instrument by which a pledge is created need be recorded.

7.8 Subd. 10. Bonds; purchase and cancellation. The commissioner, subject to
7.9 agreements with bondholders that may then exist, may, out of any money available for the
7.10 purpose, purchase bonds of the commissioner at a price not exceeding: (1) if the bonds are
7.11 then redeemable, the redemption price then applicable plus accrued interest to the next
7.12 interest payment date thereon; or (2) if the bonds are not redeemable, the redemption price
7.13 applicable on the first date after the purchase, upon which the bonds become subject to
7.14 redemption plus accrued interest to that date.

7.15 Subd. 11. State pledge against impairment of contracts. The state pledges and
7.16 agrees with the holders of any bonds that the state will not limit or alter the rights vested in
7.17 the commissioner to fulfill the terms of any agreements made with the bondholders, or
7.18 in any way impair the rights and remedies of the holders until the bonds, together with
7.19 interest on them, with interest on any unpaid installments of interest, and all costs and
7.20 expenses in connection with any action or proceeding by or on behalf of the bondholders,
7.21 are fully met and discharged. The commissioner may include this pledge and agreement
7.22 of the state in any agreement with the holders of bonds issued under this section.

7.23 EFFECTIVE DATE. This section is effective the day following final enactment.

7.24 Sec. 9. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision
7.25 to read:

7.26 Subd. 43. Building materials; exemption. Materials and supplies used or
7.27 consumed in, and equipment incorporated into, the construction or improvement of
7.28 the stadium and public infrastructure constructed pursuant to this act are exempt. This
7.29 subdivision expires one year after the date that the first professional football game is
7.30 played in the stadium and applies to materials, supplies, and equipment used in the
7.31 stadium, and five years after the issuance of the first bonds under this act for materials,
7.32 supplies, and equipment used in the public infrastructure.

7.33 Sec. 10. Minnesota Statutes 2011 Supplement, section 340A.404, subdivision 1,
7.34 is amended to read:

8.1 Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to
8.2 the following establishments located within its jurisdiction:

8.3 (1) hotels;

8.4 (2) restaurants;

8.5 (3) bowling centers;

8.6 (4) clubs or congressionally chartered veterans organizations with the approval of
8.7 the commissioner, provided that the organization has been in existence for at least three
8.8 years and liquor sales will only be to members and bona fide guests, except that a club
8.9 may permit the general public to participate in a wine tasting conducted at the club under
8.10 section 340A.419;

8.11 (5) sports facilities hosting National Football League games;

8.12 ~~(5)~~ (6) sports facilities located on land owned by the Metropolitan Sports
8.13 Commission; and

8.14 ~~(6)~~ (7) exclusive liquor stores.

8.15 (b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license,
8.16 or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local
8.17 ordinance, or charter provision. A license issued under this paragraph authorizes sales on
8.18 all days of the week to persons attending events at the theater.

8.19 (c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license,
8.20 or an on-sale malt liquor license to a convention center within the city, notwithstanding
8.21 any law, local ordinance, or charter provision. A license issued under this paragraph
8.22 authorizes sales on all days of the week to persons attending events at the convention
8.23 center. This paragraph does not apply to convention centers located in the seven-county
8.24 metropolitan area.

8.25 (d) A city may issue an on-sale wine license and an on-sale malt liquor license to
8.26 a person who is the owner of a summer collegiate league baseball team, or to a person
8.27 holding a concessions or management contract with the owner, for beverage sales at a
8.28 ballpark or stadium located within the city for the purposes of summer collegiate league
8.29 baseball games at the ballpark or stadium, notwithstanding any law, local ordinance, or
8.30 charter provision. A license issued under this paragraph authorizes sales on all days of the
8.31 week to persons attending baseball games at the ballpark or stadium.

8.32 Sec. 11. **EXPIRATION DATE.**

8.33 This article expires May 18, 2014, if no agreement is reached between the state and
8.34 the team memorializing the team's obligations consistent with this act.